

TOP STORIES

Mercer International Skips a \$25.8 Million Interest Payment While It Negotiates With Noteholders

Mercer International elected not to make an interest payment of about \$25.8 million due October 1 on its 12.875 percent senior notes due 2028, the company said in an October 2 regulatory filing. It is using the 30-day grace period under the notes' indenture. Using the grace period is not an event of default, the company said. A special committee of independent directors is in advanced discussions with an ad hoc group of holders of the 2028 notes and the company's 5.125 percent senior notes due 2029. Members of the group hold more than 75 percent of the outstanding principal of the two issues. The talks cover a comprehensive recapitalization and a significant capital infusion to address upcoming debt maturities and cut funded debt and interest expense. The company said it is optimistic about announcing a transaction in the near term, but no definitive agreement has been reached. Its pulp, lumber and mass timber operations continue to run in the ordinary course. The company is paying suppliers, contractors and employees normally. Mercer reported a second-quarter net loss of \$76 million on revenue of \$460.3 million in August. Its mass timber unit is based in Spokane Valley, Washington.

Custom Cabinet Sales Rose 12.2 Percent in August as Stock and Semi-Custom Fell

Custom cabinet sales at companies responding to the Kitchen Cabinet Manufacturers Association (KCMA) monthly survey rose 12.2 percent from a year earlier in August to \$54.0 million, according to a trade report on October 2. The survey covers responding companies only, so the dollar figures are not the size of the market. Custom sales were up 9 percent from July. Semi-custom sales fell 9.0 percent to \$95.0 million from \$104.4 million a year earlier, and were down 2.6 percent from July. Stock cabinet sales fell 13.6 percent to \$28.6 million and slipped 1.1 percent on the month. Overall sales were down 4.3 percent from August 2025 and up 0.9 percent from July. The report's three segment figures add to \$177.6 million, which does not match the \$77.6 million overall total it also states. Unit shipments fell 11.4 percent from a year earlier to 437,697 cabinets, and were down 3.8 percent from July.

Groups Ask a Federal Court to Halt the First Sale Under the South Revilla Tongass Project

The Ketchikan Indian Community, the Center for Biological Diversity and the Southeast Alaska Conservation Council asked the US District Court in Alaska on September 30 to halt the Shelter Cove Timber Sale near Ketchikan, Alaska. Their motion for a preliminary injunction targets the first sale under the South Revilla Integrated Resource Project on the Tongass National Forest. The Forest Service approved that project in July. The project includes harvest on more than 5,000 acres, mostly old growth, within a project area of more than 40,000 acres. The Shelter Cove sale was advertised in September for up to 4 million board feet, and bids open October 20. The groups asked for a ruling before the contract is awarded. The motion was filed in the groups' August lawsuit against the whole project.

WHAT YOU MISSED YESTERDAY

Friday, October 2 — business, markets, and the broader economy.

- US stocks rose Friday. The S&P 500 gained 56.27 points, or 0.73 percent, to 7,722.72. The Dow rose 250.40 points, or 0.49 percent, to 51,176.96. The Nasdaq Composite rose 319.27 points, or 1.19 percent, to 27,190.86.
- For the week, the Nasdaq rose about 0.5 percent. The Dow fell about 1.3 percent and the S&P 500 about 0.3 percent.
- The 10-year Treasury par yield rose 4 basis points to 5.28 percent Friday. The two-year rose 5 basis points to 4.83 percent.

INDUSTRY & COMPANY NEWS

- **Oregon** began removing barred owls last week from the 83,000-acre Elliott State Research Forest near Coos Bay, with contractors set to start shooting on October 1. The Department of State Lands estimates up to 350 barred owls a year will be removed during the first three to five years of a program expected to run at least 15 years under the federal barred owl management strategy. The most recent survey of the forest found three northern spotted owls. Amy Price, the forest's research biologist, put the cost at about \$15,000 a month for the first 16 months and about \$6,000 a month after that.
- **Palmako**, an Estonian wood products company in the Lemeks Grupp, has acquired Jures Medis, a Lithuanian glulam maker it described as one of the largest in the Baltics. The deal closed September 30 and was reported October 1. The price was not disclosed.
- **Sappi North America** will be led by Kirk Ross, now vice president of manufacturing, as president and chief executive officer from January 1, 2027, parent Sappi Limited announced October 1. He succeeds Mike Haws, who retires in February 2027 after 14 years at Sappi, seven as president and chief executive.
- **Russia** registered 1,210 new forestry and logging businesses, including sole proprietors, from January through August, down from 1,510 a year earlier, according to company-registry data reported September 30. Liquidations rose 9.6 percent to 1,590. Active entities numbered 19,640 on September 1, down 5.4 percent.

- **Wildfire status.** The national situation report issued at 7:30 a.m. Mountain time Monday held the national and Northwest preparedness levels at 2 and put Southern California at 3. Northwest personnel numbered 1,666, below Southern California's 2,281. The report puts this year's national total at 9,007,052 acres, 147 percent of the 10-year average. The Bouquet Fire on the Angeles National Forest, eight miles northeast of Saugus, California, was 1,048 acres and 48 percent contained at 9:44 a.m. Pacific Monday, according to California's fire agency, with evacuation orders still in effect. The national report, which lagged, still listed it at 1,000 acres and 0 percent.

■ DEEP DIVE: AFTER THE BURN

Twelve Million Board Feet North of Sisters

The Forest Service announced the Akawa Butte Fire Recovery Project on the Deschutes National Forest on September 14 and closed public comment on September 21. The Akawa Butte Fire started July 16 about 13 miles northeast of Sisters, Oregon, burned 27,429 acres and came within about 5 miles of the city center. The project covers about 10,000 acres north of Sisters and Indian Ford Road. About 3,600 acres would be commercially salvaged, an estimated 12 million board feet by the agency's count. About 3,000 acres would be prepared for replanting with ponderosa pine and antelope bitterbrush, and about 2,200 acres would get no treatment. The harvest targets trees killed or damaged by the fire and trees expected to die within five years. Trees 20 inches or more in diameter generally would not be cut, and any felled for safety would be left on the ground. Dead and dying trees within 150 feet of either side of 36.8 miles of open road would be removed, and about 3 miles of temporary road would be built. Roadside units carry no snag-retention requirement. Commercial units must keep at least three to four snags an acre.

The Determination Behind a Seven-Day Comment Window

A September 14 letter signed by the Sisters district ranger places the project under the Forest Health and Fuels Emergency Situation Determination. Agriculture Secretary Brooke Rollins made that determination in a memorandum signed April 3, 2025, under section 40807 of the Infrastructure Investment and Jobs Act. The memorandum puts the designated area at 112,646,000 acres, 59 percent of National Forest System land. A project qualifies when at least half its treatment area lies inside the designated acres, and the forest supervisor authorizes it. Its environmental review weighs only the proposed action against no action. It is not subject to the agency's objection process. The statute lists the salvage of dead or dying trees first among authorized emergency actions. It requires a public comment opportunity whenever an environmental assessment is prepared but sets no minimum length. A court may not enjoin an emergency action unless the plaintiff shows likely success on the merits. In June the agency adopted a national post-fire recovery environmental assessment. It matches activities to landscape conditions. Each project still needs its own decision.

What a Year Dead Does to the Grade

A Forest Service study published in 1996, which monitored fire-killed timber in southern Oregon and northern California from 1988 to 1990, found that Douglas-fir, sugar pine and ponderosa pine had lost about 1 percent of their cubic volume one year after death. True firs lost 5 percent. Pine sapwood was heavily stained, and sap rot and weather checks increased in the second year. A Forest Service Pacific Northwest Research Station paper published in 1990 reported a 1977 mill study of beetle-killed ponderosa pine from Colorado's Front Range. The sample was small, low-grade logs. The study found no significant difference in lumber volume recovered from dead trees. Lumber value fell about 10 percent for trees dead less than two years and 17 percent for trees dead three to five years, mainly from blue stain. Stained boards that would otherwise have graded 2 and Better Common or Moulding and Better dropped to 3 Common. Moulding and Better came only from live trees. Checking raised the share of boards 6 inches and narrower from 46 percent in live trees to 58 percent in trees dead three to five years.

Private Ground Runs on Fifteen Days' Notice

On private land in Oregon, salvage runs under the Forest Practices Act rules that govern any other harvest, according to the Oregon Department of Forestry's August 2026 guide, Timber Salvage after Wildfires. The act has no separate salvage harvest type. Operators must file a notification at least 15 days before work starts, though the wait can sometimes be waived, and written plans are required near fish streams. Reforestation rules apply, but the department can approve different stocking levels or more time after a catastrophic event. Green tree, snag and down wood retention applies to harvest type 2 and type 3 (clearcut) units over 25 acres. Clearcuts on burned land can exceed the 120-acre limit if the fire was beyond the landowner's control and badly impaired the forest's growth potential, and only with an approved plan for an alternate practice. Harvest taxes are the same as for any other harvest. Burned land left unreforested can lose its special forestland tax status. Most federal post-fire financial assistance is limited to non-industrial private forest owners.

■ RATES & DIESEL SNAPSHOT

INDICATOR	VALUE	TREND
30-year fixed mortgage rate, October 1 weekly survey	7.28%	Up 25 basis points on the week; 6.34% a year earlier
15-year fixed mortgage rate, October 1 weekly survey	6.60%	Up from 6.42% a week earlier
US dollar in Canadian dollars, October 2	C\$1.4246	Canadian dollar at 70.20 US cents, from 70.70 on September 25
US retail diesel, September 28 federal weekly survey	\$6.382/gal	Down 14.7 cents on the week; up \$2.628 from a year earlier
West Coast retail diesel, September 28 federal weekly survey	\$7.357/gal	Down 9.9 cents on the week

■ ON DECK

Tuesday, October 6

- Comments close at 11:59 p.m. Eastern on the proposed rescission of the 2001 Roadless Rule.
- August international trade in goods and services is due at 8:30 a.m. Eastern.

Wednesday, October 14

- The September consumer price index is due at 8:30 a.m. Eastern.

Thursday, October 15

- September producer prices, including softwood and hardwood lumber, are due at 8:30 a.m. Eastern.
- September retail sales are due at 8:30 a.m. Eastern.

Monday, October 19

- The October builder confidence index is due at 10 a.m. Eastern.